

## HEBER CREEPER

P.O. BOX 69, HEBER CITY, UTAH 84032

PHONE: (801) 654-2621

December 21, 1976

Gentlemen,

As per your instructions, we are enclosing rough drafts of two possible approaches to the Foundation. In one we have invited the membership of the Foundation to a general meeting here in Heber. My thought about this approach is that we do eliminate the possibility of distortion of our position if we were to approach the Foundation through officers that could misunderstand our objectives. We also gain the possibility of getting an immediate reaction that could be positive from the general membership that could over-ride possible disagreement with the officers. There are some indications that there is an atmosphere of dissention among the membership, and we could eliminate a considerable amount of misunderstanding by a general approach.

The second letter is one of complete explanation of our position directed to the officers that should be self-explanatory.

Please read and return with appropriate changes. Feel free to suggest any other type of approach or a combination of the two. If there is considerable difference in opinions as to the approach, please call me, and I'll call for another meeting.

Very truly yours,



Lowe Ashton

December 21, 1976

Mr. Rod Edwards, President  
Wasatch Railway Museum and Foundation  
8330 Valiant Drive  
Salt Lake City, Utah 84121

Mr. C. H. Nielsen, Vice-President  
Wasatch Railway Museum and Foundation  
4549 West View Drive  
Salt Lake City, Utah 84119

Gentlemen,

At the regular December meeting of the Board of Directors of the Heber Creeper, a discussion was held concerning the assets owned by the Foundation and currently under lease to the Heber Creeper Company.

We would appreciate very much a joint meeting with the <sup>all</sup>members~~all~~ of the Foundation and the Board of Directors of the Heber Creeper at the offices of Lowe Ashton, Ashton Oil and Transportation, 40 East 100 North, Heber City, on December 28, (?) at 5:00 p.m.

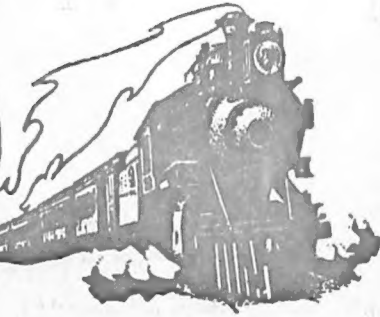
It is necessary for the company to refinance and indications are such that we must expand our securable asset position before we can successfully do so. Prior to any efforts to refinance the Company, we feel a meeting between the membership of the Foundation and the Board should be held to discuss the relationship of the equipment that is owned by the Foundation and under lease to the company.

We are taking the liberty of sending this letter to all members of the Foundation in order to eliminate any possible delay. If there are members unknown to the company, please extend the invitation on our behalf.

Very truly yours,

HEBER CREEPER, INC.

Lowe Ashton



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December 21, 1976

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Wasatch Railway Museum and Foundation  
8330 Valiant Drive  
Salt Lake City, Utah 84121

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Wasatch Railway Museum and Foundation  
4549 West View Drive  
Salt Lake City, Utah 84119

Gentlemen,

We are enclosing a copy of the Board of Directors meeting held December 20, 1976. We are sorry each of you, as Directors of the company were unable to attend. The Heber Creeper finds itself in a position where it is necessary to refinance in order for us to continue to operate.

As you are both aware, the past season, due to locomotive and track failures, was extremely costly. The losses sustained for the operating season, plus the cost of upgrading the power capacity, dining capacity, acquisition of new locomotives, have all taken considerable funds, and the lack of profits have required that the company look to all assets it leases or owns so that its financial structure can be more flexible and the loaning institutions could have additional security for the additional funds needed.

The amount on the books of the Company as reflected in the classification entitled "Prepaid Lease- Foundation", currently stands at \$68,729.86. This amount represents the funds used by the company for either moving the equipment to the terminal grounds of the Heber Creeper, or funds expended in any restoration efforts made by the company on those assets. It does not represent general repairs and maintenance costs. Actually, the Heber Creeper Company has spent over \$120,000.00 in either restoration expenditures or repairs and maintenance costs in the past five years on assets owned by the Foundation.

Those entities currently owned by the Foundation, but leased by the company are in various stages of deterioration, and could best be used if they were owned by the company because then the value could be depreciated. If we are in a profit position, which we should be with the track responsibility assumed by the State and the acquisition of new locomotives, depreciation represents a sizeable cash savings to the company.



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December 21, 1976

HEBER CREEPER, INC.  
MINUTES BOARD OF DIRECTORS MEETING  
DECEMBER 20, 1976

PRESENT:           Lowe Ashton                               Wesley R. Budd  
                  Gordon Mendenhall               R.R. Green  
                  J. D. Boggess                   Craig Drury  
  Jim Ritchie (proxy)

ALSO PRESENT: Cindy Drury

Lowe Ashton called the meeting to order. He then gave a financial report of extreme losses we suffered during the 1976 season. January through April losses of the Stardust Cafe are still on the books, and the Diner-Lounge and Hub Cafe have been marginal. Management estimates the locomotive and track failures during the season would account in excess of \$40,000. in lost revenue. The two major expenses being Labor/Fuel, due to breakdowns and extended use of #618 which uses up to \$200 more per day in fuel than any of our other engines. The next major expense excess was advertising, which will be discussed later.

Foundation Assets: Lose Ashton, then informed the Board that he had received some indication from SBA and Zions Bank that they will be willing to help the company restructure their financing if the track restoration has been taken care of and the corporate asset structure is expanded. After a general discussion, the Board decided to negotiate with the Foundation to consider merging their assets on the terminal grounds, with the company by canceling the prepaid lease account with the Foundation.

Gordon Mendenhall made a motion that the President draft a letter to the President of the Foundation to outline our status and relationship. The letter will be approved prior to mailing by Directors present at this meeting. J.D. Boggess seconded. Motion carried.

Track Restoration: Wasatch County and the State Park have agreed in principal to lease the track to Wasatch County in order for Wasatch County to be the applicant for various Federal Grants in as much as a local government has priority over state government for available

federal funds. Wasatch County has applied for an EDA grant amounting to \$1,135,000. for track restoration. The application has passed the Denver office and is now in Washington D.C. Monte Bona, Wasatch County Economic Development Counselor says December 23, is the date the successful applications will be announced. Monte Bona has also prepared for Wasatch County a grant for poverty funds available to the Department of Outdoor Recreation for \$147,000, said approved grants to be announced January 1, 1977.

Advertising Budget: The major over-expenditure in the 1976 budget was in advertising. The budget was set at \$25,000 and statistics show over \$37,000 has been spent. Mr. Berry had been contacted and asked to be in attendance at this meeting with no response.

Gordon Mendenhall made a motion that no further advertising payments through Jim Berry's authorization, effective December 20, 1976, including checks that have been written but not mailed, until his budget overages are adequately justified to the Board. R. R. Green seconded. Motion carried.

J. D. Boggess suggested legal avenues be investigated to see what action we can take.

There being no further business, Gordon Mendenhall moved we adjourn. J. D. Boggess seconded. Motion carried.

*Cindy Drury*